

Message Text

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ACTION ARA-06

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FM AMEMBASSY PANAMA

TO SECSTATE WASHDC IMMEDIATE 4516

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E.O. 11652: N/A

TAGS: PN, PQ, PFOR

SUBJECT: CANAL TREATY NEGOTIATIONS: OUTLINE OF POSITIONS

REF: PANAMA 4115

1. AS REPORTED REFTEL, PANAMANIAN DECIDED DURING NIGHT OF DECEMBER 8 NOT TO MAKE PUBLIC FULL DETAILS OF NEGOTIATIONS FOLLOWING INTENSIVE EFFORTS BY EMBASSY TO PERSUADE THEM NOT TO GO PUBLIC. A DOCUMENT PREPARED BY NEGOTIATOR TACK GIVING PARALLEL BREAKDOWN OF UNITED STATES AND PANAMANIAN POSITIONS HAD BEEN PREPARED BUT APPARENTLY WAS WITHHELD FROM PUBLIC DISCLOSURE. (IT DID GET PUBLISHED IN A TOTALLY ILLEGIBLE FORM IN MATUTINO JULY 10.) UNFORTUNATELY, THE DOCUMENT HAS LEAKED TO TIME MAGAZINE CORRESPONDENT WHO GAVE COPY TO PAN CANAL INFORMATION OFFICE JULY 15. FULL TEXT OF PAN CANAL TRANSLATION OF DUCUMENT FOLLOWS:

BEGIN QUOTE PRESENT STATUS OF THE NEGOTIATIONS

I. BASIC POSITION:

U.S.: THE UNITED STATES IS DEMANDING THAT IT RETAIN UNILIMITED OFFICIAL USE

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LATERAL CONTROL OF THE OPERATION (AND ADMINISTRATION) OF THE

CANAL AND THE DEFENSE OF THE CANAL IN ANY TREATY TO BE SIGNED. (TO THIS MAY BE ADDED THE POSITION ADOPTED BY THE SENATE THAT IT WOULD NOT RATIFY A TREATY WHICH DOES NOT CONTAIN THESE GUARANTEES.)

PANAMA: PANAMA DEMANDS A NEW TREATY WHICH WOULD ELIMINATE THE 1903 TREATY AND ITS PERPETUITY, COMPLETELY REINTEGRATE THE CANAL ZONE INTO PANAMANIAN SOVERIGNTY AND JURISDICTION, ESTABLISH AN ACCEPTABLE PERIOD OF DURATION SO THAT THE CANAL ITSELF IS TURNED OVER IN ITS ENTIRETY TO PANAMA'S EXCLUSIVE CONTROL AND A PROGRAM FOR PROGRESSIVE ELIMINATION OF UNITED STATES MILITARY BASES.

II. POSITIONS ON MAIN SUBJECT:

A. DURATION:

U.S. U.S.: 50-YEAR TREATY IN WHAT PERTAINS TO A LOCK CANAL, PLUS 30 ADDITIONAL YEARS IF A NEW CANAL IS BUILT.

PANAMA: NO FURTHER THAN THE END OF THE PRESENT CENTURY.

B. JURISDICTION:

U.S.: IN PRINCIPLE, THE U.S. AGREES THAT THE CANAL ZONE BE REINTEGRATED INTO PANAMA WITHIN 3 YEARS. THIS MEANS THE ELIMINATION OF THE "CANAL ZONE" CONCEPT, CANAL ZONE GOVERNMENT, POLICE, LAWS, AMERICAN COURTS, ETC. BUT THEY CONTRADICT THIS POSITION IN JURISDICTION WITH THEIR POSITION ON THE SUBJECT OF LANDS AND WATERS.

PANAMA: PANAMA AGREES TO THE TRANSITION PERIOD OF 3 YEARS. BUT THE REINTEGRATION OF THE CANAL ZONE INTO PANAMA MUST BE REAL AND EFFECTIVE, NOT FICTITIOUS. THE PANAMANIAN GOVERNMENT MUST EXERCISE COMPLETE SOVEREIGNTY OVER EVERYTHING THAT IS THE PRESENT CANAL ZONE, WHICH IMPLIES THAT THE MAP OF THE REPUBLIC OF PANAMA MUST HAVE ONLY ONE COLOR.

C. LANDS AND WATERS:

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U.S.: IN PRACTICE THE U.S. WANTS TO KEEP UNDER THEIR CONTROL ALMOST THE SAME AMOUNT OF LANDS AND WATERS OF THE PRESENT CANAL ZONE FOR THE OPERATION AND DEFENSE OF THE CANAL. WHAT THEY ARE WILLING TO RETURN TO PANAMA, UP TO NOW, IS ALMOST NOTHING.

PANAMA: PANAMA REJECTS THE UNITED STATES POSITION.

FIRST, ALL OF THE PRESENT ZONE MUST REVERT TO PANAMA, THEN, PANAMA, AS SOVEREIGN, WOULD CEDE TO THE UNITED STATES RIGHTS OF USE (NOT JURISDICTION) OVER LANDS AND WATERS STRICTLY NECESSARY FOR THE OPERATION AND DEFENSE OF THE CANAL AND ONLY FOR THE DURATION OF THE TREATY.

D. CANAL ADMINISTRATION:

U.S.: THE U.S. AGREES THAT THE PRESENT PANAMA CANAL COMPANY BE ELIMINATED AND A NEW ENTITY BE FORMED, WITH PANAMANIAN PARTICIPATION. BUT THEY WOULD CONTINUE TO HOLD A CONTROL MECHANISM IN THAT ADMINISTRATION.

PANAMA: IN SEEKING A NEGOTIATED SOLUTION, PANAMA PROPOSES AN INCREASING PARTICIPATION BY PANAMA AND A DECREASING PARTICIPATION BY THE UNITED STATES FOR THE DURATION OF THE TREATY, UNTIL PANAMA TAKES OVER COMPLETE EXCLUSIVE CONTROL. THIS SIGNIFIES A SUBSTANTIAL MAJORITY OF PANAMANIAN IN ALL LEVELS AND CATEGORIES OF JOBS.

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ACTION ARA-06

INFO OCT-01 SS-14 ISO-00 ARAE-00 SSO-00 NSCE-00 CIAE-00

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E. PROTECTION AND DEFENSE:

U.S.: THE U.S. DEMANDS CONTINUED CONTROL OVER THE

DEFENSE OF THE CANAL; THE SAME BASES AND INSTALLATIONS THEY PRESENTLY HAVE AND THEY WANT A KIND OF RESIDUAL DEFENSE AFTER THE TREATY HAS TERMINATED, ALTHOUGH THEY ACCEPT PANAMA'S PARTICIPATION IN THE PROTECTION AND DEFENSE. THEY WANT A CERTAIN TYPE OF CONTROL OVER PANAMANIAN AIR SPACE.

PANAMA: PANAMA REJECTS THE UNITED STATES' POSITION. INCREASING PARTICIPATION BY PANAMA AND DECREASING PARTICIPATION BY THE UNITED STATES. ELIMINATION OF THE MAJORITY OF THE MILITARY BASES. ONLY 3 BASES TO START WITH AND THEIR GRADUAL ELIMINATION. PANAMA TO ASSUME FULL RESPONSIBILITY AT THE TERMINATION OF THE TREATY. PROHIBITS NUCLEAR ARMS. PROHIBITS THE USE OF THE 3 BASES FOR INTERVENTION IN OTHER AREAS. NO INTERVENTION IN PANAMA'S INTERNAL MATTERS.

F. NEUTRALITY:

U.S.: IN THEORY, THE U.S. AGREES, BUT THEY WANT UNLIMITED OFFICIAL USE

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LATERAL CONTROLS IN CASE OF WAR.

PANAMA: THE CANAL MUST BE PERMANENTLY NEUTRAL IN TIMES OF PEACE OR WAR, AND SHIPS OF ALL FLAGS ALLOWED TO TRANSIT, GUARANTEED BY ALL NATIONS.

G. EXPANSION:

U.S.: THE U.S. WANTS AN OPEN OPTION, WITHOUT COMMITMENTS ON THEIR PART, FOR 25 YEARS IN ORDER TO DECIDE UNILATERALLY WHETHER TO:

(A) BUILD A SEA LEVEL CANAL THROUGH THE PRESENT CANAL

(B) BUILD A SEA LEVEL CANAL THROUGH ROUTE 10
(CHORRERA-PALMAS BELLAS)

(C) BUILD A THIRD SET OF LOCKS

IN THAT CASE, THEY WISH TO CONTINUE THEIR CONTROL OF THE DEFENSE UNTIL THE YEAR 2065.

H. NEW WORKS:

PANAMA: PANAMA REJECTS THE UNITED STATES' POSITION. ACCEPTS ONLY 5 YEARS FROM THE TIME THE NEW TREATY GOES INTO EFFECT TO SEE IF AN ACCEPTABLE AGREEMENT ON A NEW CANAL IS POSSIBLE, WITH SHORT DURATION TERMS AND

WITHOUT MILITARY BASES. BESIDES, IT IS PANAMA, AS
OWNER OF THE TERRITORY, WHO MUST DECIDE WHAT IS MORE
ADVANTAGEOUS FOR ITS SOCIO-ECONOMIC DEVELOPMENT.

I. ARBITRATION:

U.S.: THE U.S. AGREES WITH AN ARBITRATION CLAUSE,
NOT YET NEGOTIATED, IN THE TREATY.

PANAMA: PANAMA DEMANDS A CLEAR AND PRECISE ARBI-
TRATION CLAUSE WHICH PERMITS PANAMA TO DEFEND ITS
RIGHTS AGAINST UNILATERAL INTERPRETATIONS.

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J. ECONOMIC BENEFITS:

U.S. THE U.S. AGREES ON INCREASING PANAMA'S ANNUITY,
BUT STILL IN A RIDICULOUS MANNER. THEY PROPOSE A
FORMULA, BASED ON THE TOLLS, WHICH WOULD START WITH
33 MILLION DOLLARS A YEAR UNTIL IT REACHES A MAXIMUM
OF 44 MILLION. THEY ALLEGE THAT THIS IS EXTRAORDINARY
(SIC) AND IS THE MAXIMUM THEY CAN GIVE.

PANAMA: THIS SHOULD BE THE LAST MATTER TO BE DEALT
WITH. PANAMA DOES NOT EXCHANGE SOVEREIGNTY FOR ECO-
NOMIC BENEFITS. PANAMA'S GEOGRAPHIC POSITION IS ITS
MAIN NATURAL RESOURCE AND, THEREFORE, IT MUST BE THE
ABSOLUTE SOVEREIGN OVER THAT RESOURCE AND DERIVE THE
APPROPRIATE BENEFITS, DIRECT AND INDIRECT, FROM THE
CANAL. PANAMA HAS NOT, UP TO NOW, PROPOSED CONCRETE
FIGURES, BUT IT REJECTS THE UNITED STATES' POSITION.
THESE BENEFITS MUST WORK DIRECTLY TOWARD THE RAPID
ECONOMIC AND SOCIAL DEVELOPMENT OF THE PANAMANIAN NATION.
END QUOTE.
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